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CENTRALIZED ZAKAT GOVERNANCE: A COMPARATIVE ANALYSIS OF INSTITUTIONAL FRAMEWORKS AND CHALLENGES

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Abstract

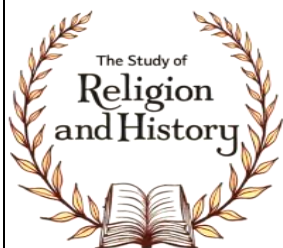
Centralized Zakat collection represents a state-led approach to administering one of Islam's most significant socio-economic institutions. This article examines the conceptual foundations, governance structure, and practical implementation of Centralized Zakat collection systems, highlighting their role in promoting accountability, administrative coordination, and equitable resource distribution. It explores the principal strengths of this model, including standardized collection procedures, comprehensive government oversight, enhanced regulatory compliance, and the capacity to mobilize substantial financial resources for large-scale poverty alleviation and social welfare programs. Despite these advantages, the article also critically evaluates the limitations associated with Centralized administration. These include bureaucratic inefficiencies, administrative delays, limited community participation, political influence, and a lack of transparency that may weaken public confidence. Such challenges often contribute to a trust deficit between Zakat institutions and contributors, encouraging informal or direct distribution of Zakat outside the official system. To illustrate the practical operation of Centralized Zakat governance, the article presents comparative case studies of Malaysia, Saudi Arabia, and Pakistan. Malaysia's state Islamic Religious Councils demonstrate a technologically advanced and decentralized-within-state framework for Zakat administration, while Saudi Arabia's Zakat, Tax and Customs Authority (ZATCA) provides an example of strong regulatory oversight, particularly for business Zakat. Pakistan's five-tier institutional structure, supported by compulsory bank deductions for eligible assets, illustrates both the potential and the governance challenges of a state-managed system. The study concludes that although Centralized Zakat systems possess significant institutional capacity, their long-term effectiveness depends on strengthening transparency, accountability, administrative efficiency, and public trust to ensure that Zakat achieves its intended objectives of social justice and poverty alleviation.

Keywords: Centralized System, Malaysia, Pakistan, Bureaucracy, Deficit, Uniformity, poverty alleviation, SIRC, ZATCA

Introduction

In Centralized model the state or an organization assigned by the government oversees collecting, handling, and allocating Zakat. Zakat collection is frequently required. People must pay their Zakat to a designated government agency, or it can be automatically deducted from their salaries. Government collect and distribute Zakat in Centralized collection of Zakat. This type of system is more effective. Centralized¹ systems work under a single point of control and a single authority that has a charge of fully control manages and distributes the amount of Zakat. in Centralized Zakat collection system single authority has control over everything.

¹ "Centralised vs Decentralised Systems: A Comprehensive Analysis," *Alnafi Blog*, accessed February 28, 2026, <https://alnafi.com/blog/centralised-vs-decentralised>.



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This article begins by explaining the key advantages of the Centralized model including uniformity in policies, strong government and the disadvantages associated with this system such as bureaucracy, limited community engagement and trust deficit.

This article presents detailed case studies of three countries Malaysia, Saudi Arabia, and Pakistan that employ Centralized system for the managing of Zakat. Some of the key features are uniformity, standardization, proper rules and regulation, mandatory participation, Zakat payment through the central bodies is compulsory for eligible Muslims, systematic collections deduction from the bank accounts, consisting of decision making, improve coordination and strategic and productive distributions.

1.1 Advantages of Centralized Zakat Collection System

Centralized Zakat systems in which government has the duty to collect managed and distribute Zakat. The system has the following advantages.

1.1.1 Uniformity, Oversight, National-level data

Uniformity is the quality or state of being consistent where everything follows the same rules and regulations and it is the state of being uniform². Uniformity ensures that data should be collected, managed and classified across different systems. This has become the major advantage of Centralized systems because they have proper rules and regulations. In Centralized systems state has proper rules and regulations for managing Zakat and government must ensure that the collection and distribution are according to these proper rules and regulations. Oversight means proper check and balance on the institutions and any on the working agency. In the perspective of Zakat, the government should put check and balance on the Zakat distribution agency, that they must follow the rules and regulations and collect, distribute Zakat according to the principles of Shriah. In national level data the Centralized system offers many advantages, primarily that enhance transparency, efficiency and impact on poverty alleviation and social welfare across countries. They deduct Zakat automatically from the banks and maximized collection potential.

1.1.2. Large-scale Poverty Alleviation Programs

Large-scale poverty alleviation programs encompass a range of initiatives from national government strategies to international NGO efforts, primarily focusing on social safety nets, economic empowerment, and community development. Poverty means the incapability to accomplish negligible living ethics. It is a spectacle as reflected in the form of lack of income, low access to resources, lesser opportunities for participation in economic actions or political processes, high weaknesses to risks and shocks, etc.³.

Centralized system is very beneficial framework for the poverty alleviation. The collection of Zakat is from the government itself so there is no need for any mishandling. In this system proper rules and regulations are followed. The Centralized system has uniform standards and coordinated policy, and the government has made policy guidelines for every individual. This ensures consistent approach to poverty alleviation across the entire country, avoiding the

² Merriam-Webster, "Uniformity," last modified April 5, 2026, accessed April 14, 2026, <https://www.merriam-webster.com/dictionary/uniformity>.

³ Planning Commission, Government of Pakistan. 2020. "Chapter 8: Poverty Alleviation." In *Pakistan 2020: One Nation – One Vision*. Islamabad: Government of Pakistan. Accessed [Date Accessed]. <https://www.pc.gov.pk/uploads/plans/Ch8-Poverty-alleviation1.pdf>.

patchwork for different service levels. If the distribution should be fair and according to the principles of Shriah the country should be free from poverty.

1.2 Disadvantages of Centralized Zakat Collection System

In Centralized system it is the responsibility of the government to collect, managed and distribute Zakat. And in DeCentralized system in which Zakat collection system is through several organizations. For⁴ the organizations being transparent and accountability are very vital for the collection of Zakat. Sometimes, mishandling or corruption can hinder the effectiveness of the collection or distribution and divert the find away from intended use. These organizations usually have limited infrastructure which can result in delays or inefficient distribution. The disadvantages of DeCentralized system are as follows:

1.2.1 Bureaucracy, Limited Community-level reach, Trust deficit

Bureaucracy defines an administrative system implemented to cope with a government intervention or institution. The word comes from “bureau” “writing desk” in old French) and “cracy” (in Latin which means power)⁵. In Centralized system bureaucracy is the major disadvantage that the government should not follow proper rules and regulations and not working properly. In Centralized system Zakay automatically deducts from the banks and if these are bureaucrats then it is difficult for the people to trust them that their amount of Zakat reached the deserving people or not.

The community level refers to the overall well-being, engagement, and collaboration within a specific community⁶, whether it's a local neighborhood, online forum, or any group of people connected by shared interests. It often involves factors like communication, support networks, and a sense of belongings. The other disadvantages of Centralized systems are the limited community level. The system cannot engage the community and loses touch with local communities. In the Zakat context of collection and distribution trust is very important factor among the community and the government. Another disadvantage of Centralized system is the trust deficit people stop trusting this government. When government becomes corrupt and increasing of bureaucracy, citizens losing faith in them.

1.3 Case Studies related to Centralized Zakat Collection System

The case studies of three countries (Pakistan, Malaysia and Saudi Arabia) using Centralized framework for the collection of Zakat in their countries. In Pakistan the Zakat is automatically deduct from the banks and it is mandatory deduction and in Malaysia the collection of Zakat is from federal state and in Saudi Arabia ZATCA is responsible for managing of Zakat.

The case studies of all three countries are discussed further in the following sections.

1.3.1 Case Study of Malaysia

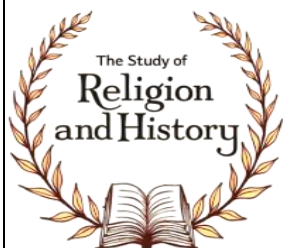
Malaysia is a country located in the Southeast Asia⁷. It consists of two parts one on the continent of Asia and one on the island of Borneo and these two parts are 400 miles apart and

⁴ Khan, Shah Nawaz. (2024). A Blockchain based Decentralised Zakat Collection and Distribution Platform. 9-13. 10.1145/3641067.3641071.

⁵ "Bureaucracy," Wex, Cornell Law School, Legal Information Institute, last reviewed March 2025, <https://www.law.cornell.edu/wex/bureaucracy>.

⁶ Quora. “What Is the Community Level?” Accessed January 1, 2025. <https://www.quora.com/What-is-the-community-level>.

⁷ *Encyclopaedia Britannica*. “Overview of Malaysia.” Video. Accessed [Jan 2, 2026]. <https://www.britannica.com/video/overview-Malaysia/-211954>.



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They were separated by the South China Sea. Malaysia occurs closely to the Latitude, which means their weather was warm. Comprising of two regions separated by the South China Sea, Malaysia is a multi-ethnic, multi-religious confederation consisting of 13 states and three federal territories and have the population of 33.2 million.

The countries in Malaysia are mostly along the shores. The land is flat. Capital of Malaysia is Kuala Lumpur and known as the biggest city. Separate of the city much of the remaining countryside is covered with rice, tea, oil-palm, and rubber farms. Many peoples in Malaysia live in villages and grow the vegetables for themselves and for their families to eat.

Zakat Management System in Malaysia

The management and administration of Zakat funds in Malaysia is managed by the State Islamic Religious Council (SIRC). Zakat system in Malaysia is under government authority. Zakat foundation in Malaysia is established for the past 70 years⁸. During that time the Islamic Religious Council is focused on Zakat and Fitr on agriculture. There is no Zakat on the other products such as palm oil, rubber and cocoa. Thus, thoughtful consideration on the true potential of Zakat of property is not given proper importance, such as salary earners, the managers and the businessman income. The 13 states of Islamic Religious Council, each of in Malaysia with the Federal Territory of Kuala Lumpur and Labuan having their own council giving 14 Islamic Council in Malaysia is fully responsible for the managing Zakat before 1991. Each Zakat management office in their respective councils has their own names such as Zakat committees, Baitulmal office and Zakat unit and Zakat department.

Apart from the collection of Zakat the Amil is chosen to collect Zakat Fitr on Ramadhan and the amil is the imam of Mosque or the member of any community that can carry this responsibility. As the time pass on March 8, 1991, the Zakat collection is to operate into new style in Malaysia. It is known as **Zakat Collection Centre-Islamic religious Council of Federal Territory** applying corporative running techniques.

There are some purposes of the new style for the collection of Zakat. Such as:

- ❖ Help Muzakki to perform their accountability on Zakat.
- ❖ Deliver information on the requirement on paying Zakat through various methods so that those who are capable would do.
- ❖ Introducing electronic and online Zakat collection system
- ❖ Introducing commercial working style in the administration of Zakat collection Zakat Collection Centre was created by "Dr Mahathir Mohammad".

The **State Islamic Religious Council** has the responsibility to collect, manage and distribute Zakat according to the principles of Shriah. The presence of Zakat Collection Centre (zcc) in the federal territory is considered as a new era of Zakat institute for the very first time as a computerized system for the handling of Zakat. ZCC operates by giving clear description of Zakat and its calculation. And then new payment counters were introduced for Zakat payers to circulate Zakat amount effectively and with ease.

According to MAIWP, the Zakat distribution and collection agency of Malaysia (Lembaga Zakat Selangor), Zakat collection in this agency in current year is up to **RM 3,888,573.95** in

⁸ Hudayati, Ataina, and Achmad Tohirin. "Management of Zakat: centralised vs Decentralised approach." In *Seventh International Conference–The Tawhidi Epistemology: Zakat and Waqf Economy, Bangi*, pp. 351-374. 2010.

KUTIPAN (collection) SEMASA and RM 14,504,322.79 in AGIHAN (distribution) SEMASA in January 13.

The Zakat collection **Statistic Kuti pan Zakat Seluruh Malaysia⁹** in the different state of Malaysia from the past years is seen in table 1:

Table 1.1: Statistic Kuti pan “Zakat Seluruh Malaysia” (Zakat collection in the different states of Malaysia)

Negeri Tahun	2024	2023	2022	2021	2020
JOHOR	412,290,736.96	388,014,751.37	367,656,000.00	323,033,096.38	300,855,626.51
KEDAH	304,561,100.75	277,692,918.99	252,250,187.78	232,793,958.19	217,913,020.82
KELANTAN	296,676,556.00	257,091,433.00	228,219,483.00	209,988,475.00	202,654,987.00
MELAKA	141,344,354.64	128,375,682.00	116,858,052.42	106,077,328.00	100,720,991.88
PAHANG	217,132,346.84	223,815,609.33	214,386,878.96	186,733,529.07	165,260,316.30
PULAU PINANG	172,733,359.28	159,670,463.95	150,144,855.61	147,265,438.00	130,875,632.57
PERAK	244,106,846.00	227,800,519.27	225,057,511.00	183,643,097.00	191,633,580.59
SELANGOR	1,218,086,883.00	1,118,913,991.00	1,067,855,832.00	992,911,959.00	912,956,543.00

Source: Malaysia Zakat and Baitulmal Information Management Portal

The Zakat distribution in each state in Malaysia is seen in the table 2:

Table 1.2: Statistic Agihan Zakat Mengikut Negeri¹⁰ (Zakat distribution statistic by state)

Negeri	2024	2023	2022	2021	2020
JOHOR	-	-	367,651,000.00	-	299,837,853.40
KEDAH	348,375,779.50	288,042,561.02	177,289,628.90	411,279,448.62	195,698,217.47
KELANTAN	269,417,034.00	233,627,386.00	200,412,526.00	174,126,345.00	185,584,047.39
MELAKA	-	134,401,979.00	109,293,554.00	97,811,396.00	80,269,854.00
PAHANG	248,040,000.00	219,000,000.00	207,000,000.00	177,400,000.00	134,991,563.56
PULAU PINANG	162,286,576.24	173,390,486.93	155,178,694.81	126,531,077.06	126,581,574.21
PERAK	155,194,547.00	169,062,063.57	146,243,689.84	169,561,173.66	165,047,590.88
SELANGOR	1,187,571,818.00	1,151,140,207.00	1,049,288,951.00	922,315,855.00	867,227,310.00

⁹ Portal Baitulmal JAWHAR, “Statistik Kutipan Zakat Seluruh Malaysia,” December 8, 2025, <https://baitulmal.jawhar.gov.my/statistik-kutipan-Zakat-seluruh-malaysia/>.

¹⁰ Portal Baitulmal JAWHAR, Statistik Agihan Zakat Mengikut Negeri,” accessed January 13, 2026, <https://baitulmal.jawhar.gov.my/statistik-agihan-Zakat-mengikut-negeri/>.

Source: Malaysia Zakat and Baitulmal Information Management Portal

As we seen in the table above, in the place Johor Zakat collected but Zakat amount cannot be distributed in this state in the year of 2024 this means that in Centralized system the Zakat distribution cannot take place due to corruption. That's why people have higher trust issues in the Centralized system where Zakat managed official by the state.

In Malaysia Zakat collected and managed officially by the state, they also invent the computerize systems and collect, managed and distribute Zakat. In Centralized system Zakat should be collected according to proper rules and regulations, proper uniformity. But due to bureaucracy they lost public trust because the Zakat collection is important and the distribution is most important. As Zakat administration is a headed to state matter, there can be changes in management, regulations and implementation of any rules and other across different states leading to inconsistent standards and limited regulatory coordination. Also have effective inefficiencies, some of the institutions face challenges such as shortage of qualified personal and communication gaps among stakeholders, which can be affect the distribution and efficiency of planned tasks.

1.3.2 Case Study of Saudi Arabia

Saudi Arabia known as the kingdom of Saudi Arabia, in the middle east has the largest oil production countries in term of output. It is known as the young country that has heir to rich history¹¹. Riyadh is the capital and it is located on the great plateau of Najd, near the abundant bed of the Hanifah Valley. It is characterized by its significant religious importance, the most important is the presence of Makkah and Madinah and for its oil production. The country occupies about 80%¹² of the Arabian Peninsula and has a diverse population, largely consisting of migrants from various Muslim countries and has the population of 37 million.

Zakat Management in Saudi Arabia

Zakat is collected in Saudi Arabia by (GAZT) known as General Authority of Zakat and Tax. It is the certified authority to handled, managed and disburse Zakat in Saudi Arabia. In Saudi Arabia not all are obliged to pay Zakat¹³.

In Saudi Arabia the ones who are responsible to pay Zakat are:

- Muslims are obligated to give Zakat, as in Islam it is considered as a religious duty under
- In Saudi Arabia the businesses and persons having wealth above the Nisab threshold must pay Zakat.
- The who have reached adulthood and are mentally capable of managing their wealth are also obliged to pay Zakat.

In Saudi Arabia the Zakat of the business are collected and managed by ZATCA (Zakat Tax and Custom Authority) formed in 2021. It is to managed and distribute Zakat in Saudi Arabia. General supervision of Zakat, tax custom academy is carried out by the human capital team, represented by the talent development department, to ensure the quality of service and programs developed and implemented in corporation with relevant departments and

¹¹ Encyclopaedia Britannica, "Saudi Arabia," last modified January 14, 2026, <https://www.britannica.com/place/Saudi-Arabia>.

¹² Saudia, "About Saudi Arabia," accessed [2025], <https://www.saudia.com/en-SA/about-us/about-saudi-arabia>.

¹³ Gryffin Capitalist, "Complete Guide to Zakat in Saudi Arabia," accessed January 15, 2026, <https://www.gryffincapitalist.com/sa/Zakat-in-saudi-arabia>.

authorities. The academy is directly supervised by H.E the governor of ZATCA (Zakat tax and custom authority) Suhail bin Muhammad abanmi, along with the executive management of ZATCA.

Thus¹⁴, the mandatory Zakat collection is through the **GAZT** concerns only on businesses articles and advertisement records in this country. With regards to other procedures of assets there is no official authority who managed and collecting Zakat such as personal bank accounts. The Hoc committees appointed by the Ministry of Finance are collected the amount of Zakat on agriculture products and do coordination with other government agencies

The key function of **ZATCA** is¹⁵:

- **For Zakat and tax collection:** ZATCA is responsible for the collection of Zakat in Saudi Arabia.
- **Controls:** It is for controlling and managing the goods that are entering and leaving Saudi Arabia.
- **Tax Filing and Reaching Compliance:** ZATCA circles standards for tax compliance, demanding businesses to file their tax returns periodically.

The minister of finance approved new executive regulation for Zakat collection under Ministerial Resolution No. 1007 in 2024. The Bylaws, issued by the Zakat, Tax and Authority (ZATCA) on 22 March 2024, intention to clarify the Zakat guidelines and compliance requirements, particularly on Zakat calculation methods. The handling and managing Zakat amount in Saudi Arabia are approximately 4.3 billion manually.

1.3.3 Case Study of Pakistan

Pakistan officially called as **Islamic Republic of Pakistan**, is in South Asia.. As of 2023 Pakistan is the fifth most populous country in the world and has the second largest Muslim population and has total population of 24.15 million. Now a days Pakistan has a population of 250 million. Islamabad is the nation's capital. ¹⁶From the independence until 1947 Pakistan consists of two regions: West ¹⁷Pakistan and East Pakistan located more than 1000 miles to the east. After the declaration of civil war in 1971, East Pakistan was declared the independent country of Bangladesh.

Pakistan covers rich of landscapes, Pamirs and Karakoram range and have mountain ranges have valleys and inhospitable plateaus. It contains a piece of the ancient Silk Road and the Khyber Pass, the famous corridor that has brought outside inspirations into the otherwise isolated subcontinent.

Pakistan history is both ancient and modern. The region of the modern-day Pakistan is some of the words oldest civilizations including the Neolithic site of Mehrgarh and Bronze age Indus valley civilization, famous for its sophisticated urban planning at cities like Mohenjo Daro and Harappa.

¹⁴ Sawmar, Abdulsalam & Mohammad, Mustafa. (2019). Governance of Formal Zakat institution in Saudi Arabia. *International Journal of Zakat*. 4. 23-40. 10.37706/ijaz.v4i2.181.

¹⁵ "ZATCA (Zakat, Tax and Customs Authority) in Saudi Arabia," Arab Dreams, last modified February 7, 2025, <https://arabdreams.com/zatca-Zakat-tax-and-customs-authority-in-saudi-arabia/>.

¹⁶ Lawrence Ziring, Shahid Javed Burki, and Ethan Teekah, "Pakistan," *Encyclopaedia Britannica*, "March 4, 2026, accessed March 5, 2026, <https://www.britannica.com/place/Pakistan>.

¹⁷ Lawrence Ziring, Shahid Javed Burki, and Ethan Teekah, "Pakistan," *Encyclopaedia Britannica*, March 4, 2026, accessed March 5, 2026, <https://www.britannica.com/place/Pakistan>.

Zakat Management System in Islamic Republic of Pakistan

In 1980¹⁸ Pakistan made a law called an ordinance to start the Zakat system. This law provides everything about Zakat how to collect it and how to give it out and how to manage it. The laws of Zakat are applicable to all Muslims, and it is automatically deducted from the banks.

The Zakat and Ushr system are organized into five levels. The highest level is the Central Council, which makes all major policies. The second level is the Provincial Zakat Council, which one council existing in every province. The third level is the District Zakat, with one council in each district. The fourth level is the Tehsil Council, with one council in each tehsil. The fifth and the lowest level is the Local Zakat committee, with one committee for each village in rural areas and one for each neighborhood in urban areas,

The 10-participant Provincial Zakat Assembly in a province is led by a High Court judge, five other non-certified members, containing three ulema and four official members. Also Judge of the supreme court of Pakistan is the head of 18-member Central Zakat Council. In Pakistan the Zakat collection system is Centralized the government itself take care of it. On the very first day of Ramadan the banks withhold 2.5% from eligible savings accounts. The payment of Zakat takes place by handover the funds to Provincial Zakat Councils, which in turn transferal it to District Zakat Committees. There were four provincial and two federal territories for which Zakat councils existed¹⁹.

The Zakat system in Pakistan operates under the authority of Zakat and Ushr ordinance of 1980. After the 18th amendment to the 1973 constitution of Pakistan. The subject of Zakat has been developed in the provinces and federal areas, including ICT and Gilgit Baltistan. On a compulsory basis throughout the year Zakat is gathered from the assets enumerated in the First programmed of Zakat and Ushr ordinance in 1980. The collection is enabled through banks and financial institutions, and the progresses are credited to the Central Zakat funds account maintained at the state banks of Pakistan.

The Zakat system and administration are headed by the Chief Zakat Administrator. The Provincial Councils are the top authority for the Zakat collection, the others are District Zakat Committees (DZC) and local Zakat Committees (LDC) which are tasked with the work of showing, determining eligibility, and ensuring timely disbursements.

Zakat Disbursement Formula in Pakistan

The collection and distribution of Zakat is according to the formula in given table approved by the Council of Common Interest during the past two years, as per mentioned in the table below:

Table 1.3: “Collection and majority distribution to the Provinces /Federal Areas as per following formula accepted by the Council of Common Interest²⁰”:

Province/ Federal area	Amount in %	%shares
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¹⁸ Hudayati, Ataina, and Achmad Tohirin. "Management of Zakat: centralised vs Decentralised approach." In *Seventh International Conference–The Tawhidi Epistemology: Zakat and Waqf Economy, Bangi*, pp. 351-374. 2010.

¹⁹ Khan, Muhammad Akram. “The System of Zakat Collection and Disbursement in Pakistan,” n.d.

²⁰ Ministry of Poverty Alleviation and Social Safety, Government of Pakistan, *Yearbook 2024-25* (Islamabad: Ministry of Poverty Alleviation and Social Safety, 2025), accessed March 1, 2026, [https://www.pass.gov.pk/SiteImage/Downloads/updated%20%20Year-Book-2024-25%20\(31-12-2025\)%20.pdf](https://www.pass.gov.pk/SiteImage/Downloads/updated%20%20Year-Book-2024-25%20(31-12-2025)%20.pdf).

Sindh	23.71%	93%
Punjab	57.36%	93%
Baluchistan	05.11%	93%
KPK	13.82%	93%
ICT	35.14%	07%
Gilgit Baltistan	18.57%	07%
FATA	46.29%	07%
Total	100%	100%

Source: “Government of Pakistan Ministry of Poverty Alleviation and Social Safety Yearbook 2024-25”

Table 1. 4: Disbursement of Zakat in the year 2024-25

Province/Federal Area	Amount	%shares	Allocated Budget 2024-25
Punjab	57.36%	93%	6,516,059,781
Sindh	23.71%	93%	2,693,441,029
KPK	13.82%	93%	1,569,943,273
Baluchistan	05.11%	93%	580,492,773
ICT	35.14%	07%	300,464,222
Gilgit Baltistan	18.57%	07%	158,782,601
FATA	46.29%	07%	395,802,187
Total	100%	100%	12,214,985,866

Source: “Government of Pakistan Ministry of Poverty Alleviation and Social Safety Yearbook 2024-25”²¹

They divided into two polls for easy and fair distribution without any chaos. Each year, this Ministry affirms the Nisab of Zakat in the last week of Hijri Month Shaaban ul Muazim through State Bank of Pakistan through print and electronic media and **Rs. 179,689** amount was declared as Zakat Nisab for the year 2024-25.

In Pakistan the Zakat collection is Centralized because it is the duty of a government to collect managed and allocate Zakat in the country through Zakat councils. It’s automatically deducted from the banks. It is the best way for the collection of Zakat without any mismanagement with proper rules and uniformity, but the people have low trust on government because of bureaucrat and not following proper rules and regulations, most Pakistani gave Zakat directly to individuals. There is a survey that examines that many people try to manage their own Zakat.

²¹ Ministry of Poverty Alleviation and Social Safety, Government of Pakistan, *Yearbook 2024-25** (Islamabad: Ministry of Poverty Alleviation and Social Safety, 2025), accessed March 1, 2026, [https://www.pass.gov.pk/SiteImage/Downloads/updated%20%20Year-Book-2024-25%20\(31-12-2025\)%20.pdf](https://www.pass.gov.pk/SiteImage/Downloads/updated%20%20Year-Book-2024-25%20(31-12-2025)%20.pdf).

Most of the Zakat is disbursed directly to individuals²². Due to lack of trust many people prefer giving through individually and want to avoid the state, giving instead to mosques and schools, and to a NGOs. All the details are mentioned below:

Table 1.5: Categories where Pakistanis prefer to pay Zakat.

Category	Percentage
State Fund	2.5%
Mosques	12.5%
Religious NGOs	4%
Non-religious NGOs	3%
Schools	18%
Individuals	75%

Source: International center of tax and development

Not trusting the Government many peoples in Pakistan trying to managed their own Zakat for their satisfaction that their amount of Zakat reaches to the deserving people.

Conclusion

This article explained that how Centralized system operates in different countries, Pakistan, Malaysia and Saudi Arabia. In Centralized system, Zakat should be collected, managed and distributed through government itself. The systems have many advantages such as uniformity (proper rules and regulations) and have strong government oversight that help in large scale poverty alleviation. Countries like Pakistan Zakat deducts from bank in Saudi Arabia ZATCA handles the selection and distribution of Zakat and in Malaysia many religious councils have the charge for the managing and distribution of Zakat and with the computerize systems.

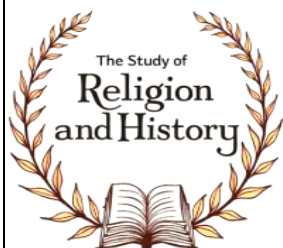
There are many challenges facing Centralized systems. The main and important problem is bureaucracy, limited connection with the community and the trust problem between the government and citizens. Many people stop trusting the government and try to give Zakat on their own. They start trusting the Mosques and local communities for the distribution of Zakat because through government they be afraid that their amount should not reached the poor and deserving people. Also, in Malaysia through computerize system there is also communication gaps and coordination problem between the citizens.

For Centralized Zakat system government must focus on the Shriah principles for the managing of Zakat but also build trust among the community through accountability and transparency and must collect and distribute Zakat according to the Shriah Principles and Allah's commands.

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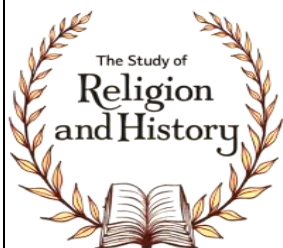
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